

VZCZCXYZ0011
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DE RUEHKT #0910/01 0951535
ZNR UUUUU ZZH
O 051535Z APR 06
FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1017
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 4150
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4422
RUEHKA/AMEMBASSY DHAKA PRIORITY 9506
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2404
RUEHLO/AMEMBASSY LONDON PRIORITY 3808
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9502

UNCLAS KATHMANDU 000910

SIPDIS

SENSITIVE
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DEPT FOR SCA/INS
H PLEASE PASS TO SPEAKER HASTERT FROM AMBASSADOR MORIARTY

E.O. 12958: N/A
TAGS: OREP PGOV PREL PHUM PTER PREF MASS NP
SUBJECT: SCENESETTER FOR APRIL 12-14 VISIT OF CODEL HASTERT

SUMMARY

¶11. (SBU) I warmly welcome your upcoming visit to Kathmandu. Your visit here should help further our two principle objectives in Nepal: restoring multi-party democracy and dealing with the Maoist insurgency. The King's takeover of February 1, 2005 was a step back for both of these goals. Since then, we have been urging him to reach out to the political parties to chart a way ahead on both objectives. We suggest you reiterate our message that the King needs to show statesmanship and take the necessary action to get Nepal back on track. Your visit will come immediately after a four-day strike called by the political parties and Maoists for April 6-9. Citing a fear of Maoist violence, the government preemptively arrested political leaders and banned demonstrations inside Kathmandu. End Summary.

NEED FOR KING AND PARTIES TO RECONCILE

¶12. (SBU) We believe that reconciliation between the King and political parties is the best way for Nepal to restore multi-party democracy and develop an effective counter-insurgency strategy against the Maoists. We worry that an announcement by the King to hold nationwide parliamentary elections without first bringing the political parties into the process would not help Nepal move back to democracy. We noted that the February 8 municipal elections were a hollow attempt by the King to legitimize his power; these elections had marginal participation by the Parties, and even among royalist sympathizers, and were marred by Maoist violence and intimidation. The King has not yet initiated dialogue with the political parties and is losing domestic support. The seven major political parties have been equally reluctant to reach out to the King and have entered into a "12-point understanding" with the Maoists. In your meetings, you should stress the importance of reconciliation between the King and legitimate political forces.

DEALING WITH THE MAOISTS

¶13. (SBU) Although the Maoists are increasingly making noises about rejoining the political mainstream, they have not yet renounced violence or changed their goals. The Maoist goals remain to topple the monarchy and seek one-party rule for

themselves. A Maoist takeover would likely lead to large-scale brutality, a humanitarian crisis, and massive refugee flows, spreading instability in the region, and, creating problems for neighboring India and China. The Maoists have shown no sign that they intend to end their ten-year-old insurgency, which has claimed approximately 14,000 Nepali lives. While the Maoists managed to raise hopes of a greater degree of legitimacy through their November 2005 "understanding" with the political parties, there has been an increase in the level of Maoist violence since a unilateral Maoist cease-fire ended on January 2, 2006. Maoists routinely employ violence and terror, and commit human rights abuses including killings, torture, bombings, extortion, kidnapping, and recruitment of child soldiers. Nepal's human rights situation has worsened, with violations on the part of both the government and the Maoists. Fourteen months of palace rule have emboldened the Maoists and made the security situation in Nepal more precarious. In your discussions with political party leaders, you should caution against any notions that the Maoists will lay down arms and join the political mainstream.

NEED TO COORDINATE INTERNATIONALLY

14. (SBU) We continue to coordinate closely with the international community on Nepal, especially India and the U.K., and both Japan and China have become more engaged. The U.S., along with India and the U.K., placed a hold on lethal military assistance to Nepal after the King's February 2005 seizure of power as pressure to restore democracy. During the President's March visit to New Delhi, he and Indian Prime Minister Singh agreed that the King should reach out to the political parties to restore democratic institutions and that the Maoists should abandon violence.

TWO REFUGEE POPULATIONS: BHUTANESE AND TIBETANS

15. (SBU) Nepal hosts two refugee populations of concern. Over 100,000 Bhutanese refugees have been living in seven camps in southeastern Nepal since the early 1990s when Bhutanese Government policies caused ethnic Nepalese to leave Bhutan. We continue to discuss with HMGN and international actors durable solutions, including repatriation, local integration and resettlement of Bhutanese refugees. There are two Tibetan refugee populations of concern: resident Tibetans, some of whom we might resettle in the U.S., and Tibetans transiting to India. The Embassy continues to promote agreement between HMGN and UNHCR to allow transiting Tibetan refugees to travel through Nepal to India. In your meeting with the Foreign Minister, you could reiterate our hope that Nepal will allow UNHCR to begin registering Bhutanese refugees in the seven camps, a step necessary to lay the foundation for future durable solutions, and press for HMGN to reinstate a process for issuing travel documents for Tibetan refugees.

CONCLUSION

16. (SBU) Speaker Hastert, your visit to Nepal affords you the opportunity to see firsthand the fragile political situation and the real possibility of a Maoist takeover, absent reconciliation between the Palace and the political parties leading to the restoration of multi-party democracy. In your meetings, you should stress the urgency for dialogue between the King and the Parties. Also, you should caution political party leaders to be wary of Maoist intentions and insist that the insurgents must lay down their arms and join the political mainstream before they can be treated as a legitimate political party.

MORIARTY